

**WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
WILLIAMSBURG, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

JUNE 30, 2011

TABLE OF CONTENTS

	Page
OFFICIALS	4
INDEPENDENT AUDITOR’S REPORT	5-6
BASIC FINANCIAL STATEMENTS	
Exhibit	
District-Wide Financial Statements:	
A Statement of Net Assets	8-9
B Statement of Activities	10-13
Governmental Fund Financial Statements:	
C Balance Sheet	14-15
D Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	16
E Statement of Revenues, Expenditures and Changes in Fund Balances	17-18
F Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	19
Proprietary Fund Financial Statements:	
G Statement of Net Assets	20
H Statement of Revenues, Expenses and Changes in Net Assets	21
I Statement of Cash Flows	22-23
Fiduciary Fund Financial Statements:	
J Statement of Fiduciary Net Assets	24
K Statement of Changes in Fiduciary Net Assets	25
Notes to Financial Statements	26-42
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund	44
Notes to Required Supplementary Information – Budgetary Reporting	45
Schedule of Funding Progress for the Retiree Health Plan	46
OTHER SUPPLEMENTARY INFORMATION:	
Schedule	
Nonmajor Governmental Funds:	
1 Combining Balance Sheet	48
2 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	49
Capital Projects Accounts:	
3 Combining Balance Sheet	50
4 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	51
5 Schedule of Changes in Special Revenue Fund, Student Activity Accounts	52-53
6 Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	54-55
7 Schedule of Expenditures of Federal Awards	56-57
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	58-59

TABLE OF CONTENTS
(continued)

	Page
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	60-61
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	62-66

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Tom Claypool	President	2011
Dianne Foley	Vice President	2013
Mark Armstrong	Board Member	2011
Darren Spenler	Board Member	2013
Matt Blythe	Board Member	2013
<u>School Officials</u>		
Dr. Carol Montz	Superintendent	2013
Kathryn McMann	District Secretary/Treasurer	2011
Tom Buchanan	Attorney	Indefinite
Andrew Bracken	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Williamsburg Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williamsburg Community School District, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williamsburg Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2011 on our consideration of Williamsburg Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 44 through 46 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Williamsburg Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Oskaloosa, Iowa
December 2, 2011

Basic Financial Statements

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 16,443,823	\$ 100,509	\$ 16,544,332
Receivables:			
Property tax:			
Current year	80,209	-	80,209
Succeeding year	4,399,734	-	4,399,734
Income surtax	427,284	-	427,284
Accounts	10,533	-	10,533
Due from other governments	424,923	-	424,923
Inventories	-	13,006	13,006
Prepaid expenses	1,053	-	1,053
Capital assets, net of accumulated depreciation (note 4)	13,458,838	45,723	13,504,561
Total assets	35,246,397	159,238	35,405,635
Liabilities			
Accounts payable	766,040	575	766,615
Salaries and benefits payable	17,383	-	17,383
Accrued interest payable	138,202	-	138,202
Deferred revenue:			
Succeeding year property tax	4,399,734	-	4,399,734
Other	94,403	9,367	103,770
Long-term liabilities (notes 5 and 6):			
Portion due within one year:			
Early retirement	45,216	-	45,216
Bonds payable	548,125	-	548,125
Notes payable	360,000	-	360,000
Portion due after one year:			
Early retirement	160,127	-	160,127
Bonds payable	10,636,875	-	10,636,875
Notes payable	3,100,000	-	3,100,000
Net OPEB liability	439,394	-	439,394
Total liabilities	20,705,499	9,942	20,715,441

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 10,816,234	\$ 45,723	\$ 10,861,957
Restricted for:			
Categorical funding (note 10)	199,855	-	199,855
Management levy	126,891	-	126,891
Physical plant and equipment levy	57,444	-	57,444
Student activities	139,409	-	139,409
Debt service	216,852	-	216,852
Capital projects	975,827	-	975,827
Unrestricted	<u>2,008,386</u>	<u>103,573</u>	<u>2,111,959</u>
Total net assets	<u>\$ 14,540,898</u>	<u>\$ 149,296</u>	<u>\$ 14,690,194</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
		Services		
Governmental Activities:				
Instruction	\$ 8,193,505	\$ 1,317,843	\$ 1,165,325	\$ -
Support services:				
Student services	267,388	-	4,598	-
Instructional staff services	266,681	-	18,614	-
Administration services	1,061,761	15,292	1,500	-
Operation and maintenance of plant services	958,747	8,383	-	-
Transportation services	630,460	-	21,824	-
	<u>3,185,037</u>	<u>23,675</u>	<u>46,536</u>	<u>-</u>
Non-instructional programs	<u>2,393</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	348,506	-	-	5,000
Long-term debt interest and fiscal charges	215,463	-	-	-
AEA flowthrough	462,762	-	462,762	-
Depreciation (unallocated) *	324,628	-	-	-
	<u>1,351,359</u>	<u>-</u>	<u>462,762</u>	<u>5,000</u>
Total governmental activities	<u>12,732,294</u>	<u>1,341,518</u>	<u>1,674,623</u>	<u>5,000</u>

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (5,710,337)	\$ -	\$ (5,710,337)
(262,790)	-	(262,790)
(248,067)	-	(248,067)
(1,044,969)	-	(1,044,969)
(950,364)	-	(950,364)
(608,636)	-	(608,636)
(3,114,826)	-	(3,114,826)
(2,393)	-	(2,393)
(343,506)	-	(343,506)
(215,463)	-	(215,463)
-	-	-
(324,628)	-	(324,628)
(883,597)	-	(883,597)
(9,711,153)	-	(9,711,153)

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Business-Type Activities:				
Support services:				
Food service operations	\$ 5,379	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	530,893	341,155	189,112	-
Total business-type activities	536,272	341,155	189,112	-
Total	\$ 13,268,566	\$ 1,682,673	\$ 1,863,735	\$ 5,000

General revenues:

Property tax levied for:
 General purposes
 Capital outlay
Income surtax
Statewide sales, services and use tax
Unrestricted state and federal grants
Unrestricted investment earnings
Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included
in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ -	\$ (5,379)	\$ (5,379)
-	(626)	(626)
-	(6,005)	(6,005)
(9,711,153)	(6,005)	(9,717,158)
\$ 3,688,680	\$ -	\$ 3,688,680
543,545	-	543,545
339,638	-	339,638
889,335	-	889,335
4,960,069	-	4,960,069
76,929	308	77,237
143,319	-	143,319
10,641,515	308	10,641,823
930,362	(5,697)	924,665
13,610,536	154,993	13,765,529
\$ 14,540,898	\$ 149,296	\$ 14,690,194

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 2,046,566	\$ 13,920,659	\$ 476,598	\$ 16,443,823
Receivables:				
Property tax:				
Current year	66,047	9,776	4,386	80,209
Succeeding year	3,623,693	561,040	215,001	4,399,734
Income surtax	427,284	-	-	427,284
Accounts	10,533	-	-	10,533
Due from other governments	289,339	135,578	6	424,923
Prepaid expenses	1,053	-	-	1,053
Total assets	<u>\$ 6,464,515</u>	<u>\$ 14,627,053</u>	<u>\$ 695,991</u>	<u>\$ 21,787,559</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Capital Projects	Nonmajor	Total
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 81,401	\$ 676,846	\$ 7,793	\$ 766,040
Salaries and benefits payable	17,383	-	-	17,383
Deferred revenue:				
Succeeding year property tax	3,623,693	561,040	215,001	4,399,734
Other	521,687	-	-	521,687
Total liabilities	<u>4,244,164</u>	<u>1,237,886</u>	<u>222,794</u>	<u>5,704,844</u>
Fund balances:				
Nonspendable:				
Prepaid expenses	1,053	-	-	1,053
Restricted for:				
Categorical funding (note 10)	199,855	-	-	199,855
Bond reserve	-	353,500	-	353,500
Debt service	-	-	1,554	1,554
Management levy purposes	-	-	332,234	332,234
Student activities	-	-	139,409	139,409
Capital projects	-	2,608,285	-	2,608,285
School infrastructure	-	10,369,938	-	10,369,938
Physical plant and equipment	-	57,444	-	57,444
Unassigned	2,019,443	-	-	2,019,443
Total fund balances	<u>2,220,351</u>	<u>13,389,167</u>	<u>473,197</u>	<u>16,082,715</u>
Total liabilities and fund balances	<u>\$ 6,464,515</u>	<u>\$ 14,627,053</u>	<u>\$ 695,991</u>	<u>\$ 21,787,559</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2011

Total fund balances of governmental funds	\$ 16,082,715
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	13,458,838
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	427,284
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(138,202)
Long-term liabilities, including bonds payable, compensated absences, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(15,289,737)</u>
Net assets of governmental activities	<u>\$ 14,540,898</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 3,816,074	\$ 1,432,660	\$ 229,573	\$ 5,478,307
Tuition	547,270	-	-	547,270
Other	182,236	97,615	737,043	1,016,894
State sources	6,072,879	219	111	6,073,209
Federal sources	563,480	-	-	563,480
Total revenues	11,181,939	1,530,494	966,727	13,679,160
Expenditures:				
Current:				
Instruction	7,154,715	29,131	838,266	8,022,112
Support services:				
Student services	258,447	-	-	258,447
Instructional staff services	266,681	-	-	266,681
Administration services	1,036,914	-	-	1,036,914
Operation and maintenance of plant services	880,495	-	72,539	953,034
Transportation services	548,583	142,880	16,460	707,923
	2,991,120	142,880	88,999	3,222,999
Non-instructional programs	2,393	-	-	2,393
Other expenditures:				
Facilities acquisition	-	3,097,885	-	3,097,885
Long term debt:				
Principal	-	-	400,094	400,094
Interest and fiscal charges	-	-	77,263	77,263
AEA flowthrough	462,762	-	-	462,762
	462,762	3,097,885	477,357	4,038,004
Total expenditures	10,610,990	3,269,896	1,404,622	15,285,508
Excess (deficiency) of revenues over (under) expenditures	570,949	(1,739,402)	(437,895)	(1,606,348)

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General	Capital Projects	Nonmajor	Total
Other financing sources (uses):				
Sale of equipment	\$ 2,601	\$ -	\$ -	\$ 2,601
Interfund transfers in (note 3)	-	-	477,357	477,357
Interfund transfers out (note 3)	(10,094)	(467,263)	-	(477,357)
Revenue bonds issued	-	11,185,000	-	11,185,000
Capital loan notes issued	-	3,850,000	-	3,850,000
Total other financing sources (uses)	(7,493)	14,567,737	477,357	15,037,601
Net change in fund balances	563,456	12,828,335	39,462	13,431,253
Fund balances beginning of year, as restated (note 13)	1,656,895	560,832	433,735	2,651,462
Fund balances end of year	<u>\$ 2,220,351</u>	<u>\$ 13,389,167</u>	<u>\$ 473,197</u>	<u>\$ 16,082,715</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ 13,431,253

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 2,981,471	
Depreciation expense	<u>(424,818)</u>	2,556,653

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. (19,105)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. (15,035,000)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 400,096

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (138,202)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	(37,380)	
Net OPEB liability	<u>(227,953)</u>	<u>(265,333)</u>

Change in net assets of governmental activities \$ 930,362

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

June 30, 2011

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 100,509
Inventories	13,006
Capital assets, net of accumulated depreciation (note 4)	<u>45,723</u>
Total assets	<u>159,238</u>
Liabilities	
Accounts payable	575
Deferred revenue	<u>9,367</u>
Total liabilities	<u>9,942</u>
Net Assets	
Invested in capital assets	45,723
Unrestricted	<u>103,573</u>
Total net assets	<u>\$ 149,296</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 Year Ended June 30, 2011

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>341,155</u>
Operating expenses:	
Support services:	
Food service operations:	
Purchased services	<u>5,379</u>
Non-instructional programs:	
Food service operations:	
Salaries	206,248
Benefits	52,537
Purchased services	157
Supplies	252,565
Depreciation	<u>19,386</u>
	<u>530,893</u>
Total expenses	<u>536,272</u>
Operating loss	(195,117)
Non-operating revenues:	
Interest on investments	308
State sources	4,656
Federal sources	<u>184,456</u>
Total non-operating revenues	<u>189,420</u>
Change in net assets	(5,697)
Net assets beginning of year	<u>154,993</u>
Net assets end of year	<u>\$ 149,296</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2011

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 338,574
Cash received from miscellaneous operating activities	3,798
Cash payments to employees for services	(258,785)
Cash payments to suppliers for goods or services	<u>(216,980)</u>
Net cash used by operating activities	<u>(133,393)</u>
Cash flows from non-capital financing activities:	
State grants received	4,656
Federal grants received	<u>146,137</u>
Net cash provided by non-capital financing activities	<u>150,793</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(1,945)</u>
Cash flows from investing activities:	
Interest on investments	<u>308</u>
Net increase in cash and cash equivalents	15,763
Cash and cash equivalents beginning of year	<u>84,746</u>
Cash and cash equivalents end of year	<u>\$ 100,509</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2011

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (195,117)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	19,386
Commodities used	38,319
Decrease in inventories	2,227
Increase in accounts payable	575
Increase in deferred revenue	<u>1,217</u>
Net cash used by operating activities	<u>\$ (133,393)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$38,319 of federal commodities.

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2011

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Assets:		
Cash and pooled investments	\$ 32,113	
Land held in scholarship trust (note 12)		<u>974,250</u>
Total assets		<u>1,006,363</u>
Liabilities:		
None		<u>-</u>
Net assets:		
Nonspendable:		
Land held in scholarship trust (note 12)		974,250
Restricted:		
Scholarships		<u>32,113</u>
	\$	<u><u>1,006,363</u></u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 Year Ended June 30, 2011

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Gain on investments	\$ 240,625	
Land rent	35,750	
Interest	<u>223</u>	
Total additions	<u>276,598</u>	
Deductions:		
Support services:		
Purchased services	738	
Supplies	<u>3,122</u>	
Total deductions	<u>3,860</u>	
Change in net assets	272,738	
Net assets beginning of year	<u>733,625</u>	
Net assets end of year	<u>\$ 1,006,363</u>	
See notes to financial statements.		

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies

Williamsburg Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Williamsburg, Iowa, and agricultural territory in Iowa County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Williamsburg Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Williamsburg Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Iowa County Assessor's Conference Board.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following nonmajor proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Land Held in Scholarship Trust – Land held by the District as a scholarship trust is reported at appraised value.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	50,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-20 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unearned federal grant revenues, and deferred nutrition receipts.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – The District's policy is not to reimburse employees for unused vacation. Vacation can only be used by an employee in the year it is earned. The District had no compensated absences liability at June 30, 2011.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other classifications.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures in the other expenditures function exceeded the amount budgeted.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had investments as follows:

	<u>Total</u>
Iowa Schools Joint Investment Trust,	
Diversified Portfolio	\$ 28,418
Fixed income equities	592,875
	<u>\$ 621,293</u>

The investments in the Iowa Schools Joint Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the fixed income equities are valued at fair value.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service. The investments in the fixed income equities are not rated.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	General	\$ 10,094
	Capital Projects	467,263
		<u>\$ 477,357</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 255,800	\$ -	\$ -	\$ 255,800
Construction in progress	139,845	2,713,464	-	2,853,309
Total capital assets not being depreciated	395,645	2,713,464	-	3,109,109
Capital assets being depreciated:				
Buildings	12,726,728	67,404	69,000	12,725,132
Improvements other than buildings	2,423,455	35,915	-	2,459,370
Furniture and equipment	1,429,750	164,688	78,492	1,515,946
Total capital assets being depreciated	16,579,933	268,007	147,492	16,700,448
Less accumulated depreciation for:				
Buildings	4,415,674	270,403	69,000	4,617,077
Improvements other than buildings	543,832	66,978	78,492	532,318
Furniture and equipment	1,113,887	87,437	-	1,201,324
Total accumulated depreciation	6,073,393	424,818	147,492	6,350,719
Total capital assets being depreciated, net	10,506,540	(156,811)	-	10,349,729
Governmental activities capital assets, net	\$ <u>10,902,185</u>	\$ <u>2,556,653</u>	\$ <u>-</u>	\$ <u>13,458,838</u>
Business-type activities:				
Furniture and equipment	\$ 292,575	\$ 1,945	\$ -	\$ 294,520
Less accumulated depreciation	229,411	19,386	-	248,797
Business-type activities capital assets, net	\$ <u>63,164</u>	\$ <u>(17,441)</u>	\$ <u>-</u>	\$ <u>45,723</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 4. Capital Assets (continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:

Instruction:

Regular	\$ 4,726
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Special	
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Other	
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Support services:

Student support	8,941
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Administration	
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Operation and maintenance of plant services	5,713
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Transportation	80,810
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	<u>100,190</u>
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Unallocated depreciation	<u>324,628</u>
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Total governmental activities depreciation expense	\$ <u><u>424,818</u></u>
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Business-type activities:

Food service operations	\$ <u><u>19,386</u></u>
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WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 167,963	\$ 80,577	\$ 43,197	\$ 205,343	\$ 45,216
Revenue bonds	-	11,185,000	-	11,185,000	548,125
Capital loan notes	-	3,850,000	390,000	3,460,000	360,000
Asbestos loan	10,096	-	10,096	-	-
Net OPEB liability	211,441	227,953	-	439,394	-
Total	<u>\$ 389,500</u>	<u>\$ 15,343,530</u>	<u>\$ 443,293</u>	<u>\$ 15,289,737</u>	<u>\$ 953,341</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-seven by June 30 of the year of retirement and employees must have completed fifteen years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement benefit for each eligible employee is equal to single insurance coverage provided by the District at the dollar amount of single coverage at the time of the employee's retirement. Coverage at this rate will be provided until the employee reaches age sixty-five or otherwise becomes eligible for Medicare or insurance coverage from any other source.

The District also has early retirees covered by other plans. The details of these plans are available upon request at the business administration office.

At June 30, 2011, the District had obligations to eight participants with a total liability of \$205,343. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$43,197. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Long-Term Liabilities (continued)

Revenue Bonds

On September 15, 2010, the District issued \$7,650,000 in Qualified School Construction bonds. The bonds are school infrastructure sales, services, and use tax bonds payable from the District's sales tax revenues. The bonds are payable through the year ending June 30, 2027 and have an interest rate of 1.5%. All bond and capital loan notes issued during the year ended June 30, 2011 will be used for several construction projects, including an elementary building addition and partial renovation of the high school.

On May 1, 2011, the District issued \$3,535,000 in School Infrastructure Sales, Services, and Use Tax Bonds. The bonds are payable from the District's sales tax revenues, are payable through the year ended June 30, 2030, and have interest rates ranging from 1.25% to 4.35%.

Details of the District's revenue bonded indebtedness are as follows:

Year Ending June 30,	Issue dated September 15, 2010			Issue dated May 1, 2011			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2012	1.50 %	\$ 478,125	\$ 114,750	1.25 %	\$ 70,000	\$ 93,255	\$ 548,125	\$ 208,005
2013	1.50	478,125	107,578	1.25	30,000	139,008	508,125	246,586
2014	1.50	478,125	100,406	2.00	35,000	138,632	513,125	239,038
2015	1.50	478,125	93,234	2.00	45,000	137,933	523,125	231,167
2016	1.50	478,125	86,063	2.70	50,000	137,032	528,125	223,095
2017	1.50	478,125	78,891	2.70	60,000	135,682	538,125	214,573
2018	1.50	478,125	71,719	3.20	70,000	134,062	548,125	205,781
2019	1.50	478,125	64,547	3.20	80,000	131,823	558,125	196,370
2020	1.50	478,125	57,375	3.60	90,000	129,262	568,125	186,637
2021	1.50	478,125	50,203	3.60	100,000	126,023	578,125	176,226
2022	1.50	478,125	43,031	3.80	110,000	122,422	588,125	165,453
2023	1.50	478,125	35,859	3.80	120,000	118,243	598,125	154,102
2024	1.50	478,125	28,687	4.00	130,000	113,682	608,125	142,369
2025	1.50	478,125	21,516	4.00	145,000	108,483	623,125	129,999
2026	1.50	478,125	14,344	4.00	155,000	102,683	633,125	117,027
2027	1.50	478,125	7,172	4.05	170,000	96,482	648,125	103,654
2028	-	-	-	4.25	665,000	89,598	665,000	89,598
2029	-	-	-	4.35	690,000	61,335	690,000	61,335
2030	-	-	-	4.35	720,000	31,320	720,000	31,320
		<u>\$ 7,650,000</u>	<u>\$ 975,375</u>		<u>\$ 3,535,000</u>	<u>\$ 2,146,960</u>	<u>\$ 11,185,000</u>	<u>\$ 3,122,335</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Long-Term Liabilities (continued)

Revenue Bonds (continued)

The resolutions providing for the issuance of the sales, services, and use tax revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the statewide school infrastructure sales, services, and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- (b) A Reserve Fund will be established for the \$3,535,000 revenue bond issue only by the deposit of 10% of bond issuance proceeds and will be maintained as necessary to meet the Sinking Account requirements.
- (c) All proceeds after the establishment of the reserve fund from the statewide sales and services tax shall be placed in a Revenue Account for each issuance.
- (d) Monies in the Revenue Accounts shall be disbursed to make deposits into Sinking Accounts to pay the principal and interest requirements of each revenue bond issuance for the fiscal year.
- (e) Any monies remaining in the Revenue Accounts after the required transfers to the Sinking Accounts may be transferred to the Project Accounts to be used for any lawful purpose.

The District pledged future local option (statewide) sales and services tax revenues to repay the \$11,185,000 issued in 2011. The bonds were issued for the purpose of financing a portion of the costs of various construction projects. The bonds are payable solely from the proceeds of the local option (statewide) sales and services tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 85 percent of the local option (statewide) sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$14,307,335. For the current year, no principal and interest were paid on the bonds and total statewide sales and services tax revenues were \$889,335.

General Obligation Capital Loan Notes

On October 1, 2010, the District issued \$3,850,000 of general obligation capital loan notes. The notes are payable through the year ending June 30, 2020 with interest rates ranging from 1.25% to 2.80%.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Long-Term Liabilities (continued)

General Obligation Capital Loan Notes (continued)

Details of the District's June 30, 2011 general obligation capital loan note indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest
2012	1.30 %	\$ 360,000	\$ 67,940
2013	1.45	365,000	63,260
2014	1.45	370,000	57,968
2015	1.45	375,000	52,602
2016	1.85	380,000	47,164
2017	2.15	390,000	40,136
2018	2.40	400,000	31,750
2019	2.60	405,000	22,150
2020	2.80	415,000	11,620
		<u>\$ 3,460,000</u>	<u>\$ 394,590</u>

Note 6. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 117 active and nine retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark and Delta Dental. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. Other Postemployment Benefits (OPEB) (continued)

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$	314,578
Interest on net OPEB obligation		5,286
Adjustment to annual required contribution		<u>33,565</u>
Annual OPEB cost		286,299
Contributions made		<u>58,346</u>
Increase in net OPEB obligation		227,953
Net OPEB obligation beginning of year		<u>211,441</u>
Net OPEB obligation end of year	\$	<u><u>439,394</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$58,346 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 286,299	20.4%	\$ 439,394

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$3,902,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,902,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,657,000, and the ratio of the UAAL to covered payroll was 58.6%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. Other Postemployment Benefits (OPEB) (continued)

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, projected to 2000 (2/3 female, 1/3 male). Annual retirement and termination probabilities were developed from the retirement probabilities from the 2006 Society of Actuaries Study.

Projected claim costs of the medical plan are \$4,291 per month for retirees less than age 65.

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered payroll for the year ended June 30, 2011. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$459,694, \$435,349, and \$408,329, respectively, equal to the required contributions for each year.

Note 8. Risk Management

Williamsburg Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$462,762 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 10. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2011 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Salary improvement program	\$ 53,978
Limited English proficiency	46,932
Dropout prevention programs	31,600
Gifted and talented	25,637
Professional development for model core curriculum	17,441
Professional development	12,186
Beginning teacher mentoring and induction	8,180
Market factor incentives	2,401
Beginning administrator mentoring and induction	<u>1,500</u>
 Total	 \$ <u><u>199,855</u></u>

Note 11. Construction Commitments

The District has entered into various contracts totaling \$11,593,090 for an elementary school addition, high school renovations and a parking lot. As of June 30, 2011, costs of \$1,653,247 had been incurred against the contracts. The balance of \$9,939,843 remaining at June 30, 2011 will be paid as work on the project progresses.

Note 12. Scholarship Trust Contribution

During the year ended June 30, 2010, the District received a contribution of 117 acres of farm land. The land is to be rented by the District to the highest responsible bidder and all proceeds are to be used for two or more scholarships to further the education of Williamsburg Community School District high school seniors.

The land had an appraised value of \$974,250 at June 30, 2011, and is reported as an investment in the District's Private-purpose Trust Fund.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 13. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ 511,245	\$ 49,587
Change in fund type classification per implementation of GASB Statement No. 54	<u>49,587</u>	<u>(49,587)</u>
Balances July 1, 2010, as restated	<u>\$ 560,832</u>	<u>\$ -</u>

Note 14. Subsequent Event

On November 9, 2011, the District approved a contract with Apple Computers for the implementation of the 1:1 computer program where by each student will receive a laptop computer with related support equipment for the District. Total costs of the contract will be \$535,865 over two years.

Required Supplementary Information

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund**

Required Supplementary Information

Year Ended June 30, 2011

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 7,042,471	\$ 341,463	\$ 7,383,934	\$ 7,175,639	\$ 7,175,639	\$ 208,295
Intermediate sources	-	-	-	13,300	13,300	(13,300)
State sources	6,073,209	4,656	6,077,865	6,598,026	6,598,026	(520,161)
Federal sources	563,480	184,456	747,936	418,120	418,120	329,816
Total revenues	13,679,160	530,575	14,209,735	14,205,085	14,205,085	4,650
EXPENDITURES/EXPENSES:						
Instruction	8,022,112	-	8,022,112	8,624,930	8,624,930	602,818
Support services	3,222,999	5,379	3,228,378	4,542,000	4,542,000	1,313,622
Non-instructional programs	2,393	530,893	533,286	708,238	708,238	174,952
Other expenditures	4,038,004	-	4,038,004	1,832,765	3,832,765	(205,239)
Total expenditures/expenses	15,285,508	536,272	15,821,780	15,707,933	17,707,933	1,886,153
Excess (deficiency) of revenues over (under) expenditures/ expenses	(1,606,348)	(5,697)	(1,612,045)	(1,502,848)	(3,502,848)	1,890,803
Other financing sources, net	15,037,601	-	15,037,601	-	-	15,037,601
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	13,431,253	(5,697)	13,425,556	(1,502,848)	(3,502,848)	16,928,404
Balance beginning of year	2,651,462	154,993	2,806,455	2,506,809	2,506,809	299,646
Balance end of year	<u>\$ 16,082,715</u>	<u>\$ 149,296</u>	<u>\$ 16,232,011</u>	<u>\$ 1,003,961</u>	<u>\$ (996,039)</u>	<u>\$ 17,228,050</u>

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
Year Ended June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$2,000,000.

During the year ended June 30, 2011, expenditures in the other expenditures function exceeded the amount budgeted.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2011

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 3,762	\$ 3,762	0.0%	\$ 6,661	56.4%
2011	July 1, 2009	-	3,902	3,902	0.0%	6,657	58.6%

See note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

Other Supplementary Information

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	<u>Special Revenue</u>			
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Debt Service</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 327,842	\$ 147,202	\$ 1,554	\$ 476,598
Receivables:				
Property tax:				
Current year	4,386	-	-	4,386
Succeeding year	215,001	-	-	215,001
Due from other governments	6	-	-	6
Total assets	\$ 547,235	\$ 147,202	\$ 1,554	\$ 695,991
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 7,793	\$ -	\$ 7,793
Deferred revenue:				
Succeeding year property tax	215,001	-	-	215,001
Total liabilities	215,001	7,793	-	222,794
Fund balances:				
Restricted for:				
Debt service	-	-	1,554	1,554
Management levy purposes	332,234	-	-	332,234
Student activities	-	139,409	-	139,409
Total fund balances	332,234	139,409	1,554	473,197
Total liabilities and fund balances	\$ 547,235	\$ 147,202	\$ 1,554	\$ 695,991

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2011

	<u>Special Revenue</u>			
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Local sources:				
Local tax	\$ 229,573	\$ -	\$ -	\$ 229,573
Other	16,085	719,404	1,554	737,043
State sources	111	-	-	111
Total revenues	<u>245,769</u>	<u>719,404</u>	<u>1,554</u>	<u>966,727</u>
Expenditures:				
Current:				
Instruction	122,589	715,677	-	838,266
Support services:				
Operation and maintenance of plant services	72,539	-	-	72,539
Transportation services	16,460	-	-	16,460
Other expenditures:				
Long term debt:				
Principal	-	-	400,094	400,094
Interest and fiscal charges	-	-	77,263	77,263
Total expenditures	<u>211,588</u>	<u>715,677</u>	<u>477,357</u>	<u>1,404,622</u>
Excess (deficiency) of revenues over (under) expenditures	34,181	3,727	(475,803)	(437,895)
Other financing sources (uses):				
Interfund transfers in	-	-	477,357	477,357
Net change in fund balances	\$ 34,181	\$ 3,727	\$ 1,554	\$ 39,462
Fund balances beginning of year	<u>298,053</u>	<u>135,682</u>	<u>-</u>	<u>433,735</u>
Fund balances end of year	<u>\$ 332,234</u>	<u>\$ 139,409</u>	<u>\$ 1,554</u>	<u>\$ 473,197</u>

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2011

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Assets				
Cash and pooled investments	\$ 10,994,253	\$ 47,620	\$ 2,878,786	\$ 13,920,659
Receivables:				
Property tax:				
Current year	-	9,776	-	9,776
Succeeding year	-	561,040	-	561,040
Due from other governments	135,530	48	-	135,578
Total assets	\$ 11,129,783	\$ 618,484	\$ 2,878,786	\$ 14,627,053
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 406,345	\$ -	\$ 270,501	\$ 676,846
Deferred revenue:				
Succeeding year property tax	-	561,040	-	561,040
Total liabilities	406,345	561,040	270,501	1,237,886
Fund balances:				
Nonspendable:				
Bond reserve	353,500	-	-	353,500
Restricted for:				
Capital projects	-	-	2,608,285	2,608,285
School infrastructure	10,369,938	-	-	10,369,938
Physical plant and equipment	-	57,444	-	57,444
Total fund balances	10,723,438	57,444	2,608,285	13,389,167
Total liabilities and fund balances	\$ 11,129,783	\$ 618,484	\$ 2,878,786	\$ 14,627,053

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2011

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ 889,335	\$ 543,325	\$ -	\$ 1,432,660
Other	69,314	10,010	18,291	97,615
State sources	-	219	-	219
Total revenues	<u>958,649</u>	<u>553,554</u>	<u>18,291</u>	<u>1,530,494</u>
Expenditures:				
Current:				
Instruction	29,131	-	-	29,131
Support services:				
Transportation services	128,380	14,500	-	142,880
Other expenditures:				
Facilities acquisition	1,739,407	98,472	1,260,006	3,097,885
Total expenditures	<u>1,896,918</u>	<u>112,972</u>	<u>1,260,006</u>	<u>3,269,896</u>
Excess (deficiency) of revenues over (under) expenditures	(938,269)	440,582	(1,241,715)	(1,739,402)
Other financing sources (uses):				
Interfund transfers out	(34,538)	(432,725)	-	(467,263)
Revenue bonds issued	11,185,000	-	-	11,185,000
Capital loan notes issued	-	-	3,850,000	3,850,000
Total other financing sources (uses)	<u>11,150,462</u>	<u>(432,725)</u>	<u>3,850,000</u>	<u>14,567,737</u>
Net change in fund balances	10,212,193	7,857	2,608,285	12,828,335
Fund balances beginning of year, as restated	<u>511,245</u>	<u>49,587</u>	<u>-</u>	<u>560,832</u>
Fund balances end of year	<u>\$ 10,723,438</u>	<u>\$ 57,444</u>	<u>\$ 2,608,285</u>	<u>\$ 13,389,167</u>

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
All Weather Track	\$ 170	\$ 4,810	\$ 4,375	\$ 605
Athletics	6,209	140,879	146,149	939
Art Club	240	-	-	240
Baseball Club/Goodwin	4,576	6,993	8,766	2,803
Basketball Cheerleaders	3,398	23,398	25,686	1,110
Boys Golf Club	324	4,037	3,833	528
Change Fund	-	14,185	14,185	-
Cheerleaders	259	711	760	210
Class of:				
2007	380	-	380	-
2008	606	-	606	-
2009	2,691	260	2,691	260
2010	4,547	-	4,547	-
2011	5,309	4,049	5,453	3,905
2012	-	13,116	9,375	3,741
Construction Club	1,282	3,438	3,097	1,623
Country Club	1,175	1,955	2,562	568
Drama	11,500	6,047	4,687	12,860
Elementary Book Rental	-	37,879	37,879	-
Future Farmers of America	3,016	40,243	34,205	9,054
Future Homemakers of America	4,338	10,607	6,303	8,642
General Revenue	6,689	2,881	3,749	5,821
German Club	696	-	-	696
Grade School Activities	5,665	22,626	19,915	8,376
Honor Society	579	1,022	1,294	307
Interest	227	717	673	271
Jr. High Account	128	3,445	3,221	352
Jr. High Honor Society	57	2,793	2,850	-
Jr. High Student Council	1,906	2,022	1,689	2,239
Jr. High Volleyball Club	402	-	-	402
Jr./Sr. High Book Rental	-	54,469	54,469	-
Letter Winners	2,607	6,402	3,274	5,735
Library	7,679	1,397	3,571	5,505
Little Raiders Girls' Basketball	10,568	9,485	9,932	10,121
Math Club	884	104	-	988
Mikana	5,347	16,044	7,664	13,727
Music Organization	5,019	11,438	13,160	3,297

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Music Trip	\$ 11,292	\$ 136,601	\$ 144,112	\$ 3,781
Pom Pom Squad	2,543	10,765	13,144	164
Raider Basketball Club	364	17,903	16,909	1,358
Raider Football Club	6,767	24,902	23,838	7,831
Raider Softball Club	740	6,413	3,514	3,639
Refreshment Stand	502	25,827	26,080	249
Science Club	42	-	-	42
Soccer Club	-	213	-	213
Spanish Club	148	2,410	26	2,532
Special Education Activities	2,189	571	1,676	1,084
Speech Club	909	155	750	314
Student Council	2,213	18,515	17,535	3,193
Swimming Account	1,193	12,615	12,405	1,403
Thirty Days of Fitness	223	-	-	223
Volleyball Club	3,435	10,651	10,804	3,282
Wrestling Club	4,649	4,411	3,884	5,176
Total	\$ <u>135,682</u>	\$ <u>719,404</u>	\$ <u>715,677</u>	\$ <u>139,409</u>

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2011	2010	2009	2008
Revenues:				
Local sources:				
Local tax	\$ 5,478,307	\$ 5,108,055	\$ 5,003,155	\$ 5,166,555
Tuition	547,270	444,260	414,164	366,862
Other	1,016,894	803,307	759,326	363,561
Intermediate sources	-	32,846	13,358	-
State sources	6,073,209	4,761,397	5,521,003	5,597,924
Federal sources	563,480	866,873	290,976	228,407
Total revenues	<u>\$ 13,679,160</u>	<u>\$ 12,016,738</u>	<u>\$ 12,001,982</u>	<u>\$ 11,723,309</u>
Expenditures:				
Instruction	\$ 8,022,112	\$ 7,719,467	\$ 7,439,655	\$ 6,917,692
Support services:				
Student services	258,447	159,224	174,102	222,678
Instructional staff services	266,681	288,404	269,633	298,098
Administration services	1,036,914	945,161	831,795	923,329
Operation and maintenance of plant services	953,034	877,836	951,593	992,032
Transportation services	707,923	614,684	572,396	501,062
Non-instructional programs	2,393	-	2,601	4,278
Other expenditures:				
Facilities acquisition	3,097,885	645,513	931,934	587,517
Long-term debt:				
Principal	400,094	170,189	160,189	155,189
Interest and fiscal charges	77,263	8,875	16,545	23,970
AEA flowthrough	462,762	434,225	393,646	390,544
Total expenditures	<u>\$ 15,285,508</u>	<u>\$ 11,863,578</u>	<u>\$ 11,744,089</u>	<u>\$ 11,016,389</u>

See accompanying independent auditor's report.

<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 5,173,540	\$ 4,243,081	\$ 3,458,255
334,335	320,718	278,454
250,567	672,426	563,645
-	-	-
5,239,011	4,884,448	4,583,508
266,986	199,489	247,543
<u>\$ 11,264,439</u>	<u>\$ 10,320,162</u>	<u>\$ 9,131,405</u>
\$ 7,052,236	\$ 6,279,684	\$ 6,136,796
228,693	238,184	187,036
296,555	273,013	266,860
919,857	806,944	724,704
956,288	1,020,780	922,571
471,266	538,848	403,397
5,213	4,144	35,526
174,382	110,025	331,275
430,189	410,189	405,189
38,330	50,535	61,595
368,305	339,429	326,127
<u>\$ 10,941,314</u>	<u>\$ 10,071,775</u>	<u>\$ 9,801,076</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 11	\$ 19,248
National School Lunch Program	10.555	FY 11	126,888
National School Lunch Program (non-cash)	10.555	FY 11	38,319
			<u>184,455</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 11	<u>65,884</u>
 Migrant Education - Sate Grant Program	 84.011	 FY 11	 <u>84,300</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 11	<u>2,393</u>
Improving Teacher Quality State Grants	84.367	FY 11	<u>22,650</u>
Grants for State Assessments and Related Activities	84.369	FY 11	<u>7,384</u>
State Fiscal Stabilization Fund Cluster Programs:			
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 10	59,984
ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	FY 11	53,503
			<u>113,487</u>
Education Jobs Fund	84.410	FY 11	<u>133,522</u>
Grant Wood Area Education Agency:			
Special Education Cluster Programs:			
Special Education - Grants to States	84.027	FY 11	60,993
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 10	64,467
			<u>125,460</u>
English Language Acquisition Grants	84.365	FY 11	<u>8,401</u>
Total			<u>\$ 747,936</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Williamsburg Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Williamsburg Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Williamsburg Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 2, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Williamsburg Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Williamsburg Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Williamsburg Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We noted no material weaknesses in internal control over financial reporting during the course of our audit.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-11 and II-B-11 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Williamsburg Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Williamsburg Community School District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Williamsburg Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Williamsburg Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Williamsburg Community School District and other parties to whom Williamsburg Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Williamsburg Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
December 2, 2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education of
Williamsburg Community School District:

Compliance

We have audited Williamsburg Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Williamsburg Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Williamsburg Community School District's management. Our responsibility is to express an opinion on Williamsburg Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Williamsburg Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Williamsburg Community School District's compliance with those requirements.

In our opinion, Williamsburg Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Williamsburg Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Williamsburg Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Williamsburg Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no material weaknesses in internal controls over compliance during the course of our audit.

Williamsburg Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Williamsburg Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Williamsburg Community School District and other parties to whom Williamsburg Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
December 2, 2011

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.401 – Education Jobs Fund
 - Clustered programs:
 - CFDA Number 84.027 – Special Education – Grants to States
 - CFDA Number 84.391 – ARRA – Special Education – Grants to States, Recovery Act
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Williamsburg Community School District did not qualify as a low-risk auditee.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

- II-A-11 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We have assessed this finding and concluded that any further changes would not be cost effective.

Conclusion – Response accepted.

- II-B-11 Employee Travel – We noted in our testing of the fundraiser reconciliation for the District's band trip to Florida that the spouse of a District employee traveled on the trip using a free pass provided by the transportation company. This violates Section 66B(22) of the Code of Iowa.

Recommendation – Although this represents no cost to the District, the District should discourage all employees from accepting gifts that represent a personal benefit greater than three dollars as allowed by the Code of Iowa. We noted that a refund from the travel company was made for one cancelled reservation. This shows that, without the free trip given, the total cost of trip may have been lowered for sponsors and students.

Response – We will investigate this situation and educate all employees to avoid similar situations in the future.

Conclusion – Response accepted.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiency:

No matters were reported.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011, exceeded the amount budgeted in the other expenditures function.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – We will amend our budget before expenditures exceed the budget in the future.

Conclusion – Response accepted.

- IV-B-11 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

- IV-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- IV-D-11 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Darren Spenler, Board Member Co-owner of TD Builders	Greenhouse construction	\$9,564

In accordance with Chapter 279.7A of the Code of Iowa, the transaction does not appear to represent a conflict of interest since the contract was awarded through a public bidding process.

- IV-E-11 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-F-11 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-11 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-J-11 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-K-11 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- IV-L-11 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	511,245
Revenues:			
Sales tax revenues	\$	889,335	
Other local revenues		69,314	
Issuance of long-term debt		<u>11,185,000</u>	<u>12,143,649</u>
Expenditures/transfers out:			
School infrastructure construction		1,739,407	
Equipment		157,511	
Transfers to other funds:			
Debt Service Fund		<u>34,538</u>	<u>1,931,456</u>
Ending balance		\$	<u><u>10,723,438</u></u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.